



STEVE COOLEY  
LOS ANGELES COUNTY DISTRICT ATTORNEY

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18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER  
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

April 10, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 2<sup>nd</sup> YEAR GRANT FUNDS FROM  
THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE (SCDI)  
FOR THE DISABILITY AND HEALTHCARE INSURANCE FRAUD (DHIF) PROGRAM FOR  
FISCAL YEAR 2006-07 (ALL DISTRICTS) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Adopt the enclosed Resolution authorizing the District Attorney, to accept grant funds for the DHIF Program from SCDI in the amount \$700,000 for the period of July 1, 2006 through June 30, 2007. There is no net County cost for this program.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the GAA that do not increase the net County cost of the agreement.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On July 14, 2006, the District Attorney's Office submitted an application to SCDI to continue the DHIF Program in FY 2006-07 and funding in the amount of \$700,000 was awarded. The grant funds will be used solely for enhanced investigation and prosecution of disability and healthcare insurance fraud activities in Los Angeles County.

As part of the GAA, SCDI requires an approved resolution by the County's Board of Supervisors. The enclosed resolution has been approved as to form by County Counsel.

### **Implementation of Strategic Plan Goals**

Acceptance of these grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing an available revenue source at the State level. This program directly supports the District Attorney's core mission of prevention, deterrence and prosecution of felony crime throughout the County.

### **FISCAL IMPACT/FINANCING**

The amount of \$700,000 has been awarded to the Los Angeles County District Attorney's Office for the DHIF Program for the period of July 1, 2006 to June 30, 2007.

Seven (7) full-time and seven (7) part-time positions will be funded by this grant. This is an increase of 3 part-time clerical staff from the previous grant award.

Funding for this program was included in the department's 2006-07 budget.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to the provisions of Section 1872.85 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute funds to District Attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent disability and healthcare claims.

The objective of the Los Angeles County District Attorney's Disability and Healthcare Insurance Fraud Program is to identify, investigate and prosecute individuals and organized crime rings that fraudulently collect millions of dollars by billing for services not rendered, billing for more expensive services or procedures than actually provided (upcoding), performing medically unnecessary services, and misrepresenting non-covered treatments as medically necessary covered treatments for purposes of obtaining insurance payments.

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In FY 2005-06, the DHIF Program reviewed 306 suspected fraud claims, initiated 25 new case investigations, filed 6 new cases and convicted 5 defendants. The total chargeable fraud investigated and prosecuted by the program is in the multi-million dollar range.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board Motion of December 15, 1998, requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

**CONCLUSION**

Following Board approval, the Executive Officer-Clerk of the Board is requested to have one copy of the adopted Board letter and two (2) copies of the executed Resolution, containing original signatures, available for pick-up. Please call Ms. Emily Aidells at (213) 202-7674 or Ms. Corina Calixto at 213-202-7653 as soon as the documents are available. Any questions may be directed to Ms. Aidells at the above phone number or via email at [eadells@lacountyda.org](mailto:eadells@lacountyda.org).

Very truly yours,

  
STEVE COOLEY  
District Attorney

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Enclosures

c: Chief Administrative Office  
County Counsel



1                                   **BOARD OF SUPERVISORS**  
2                                   **COUNTY OF LOS ANGELES**

3                                   **RESOLUTION**

4                                   Authorization to Accept a Grant Award from the

5                                   State of California, Department of Insurance

6                                   Pursuant to California Insurance Code

7                                   Chapter 12, commencing with Section 1871, et seq.

8                                   **WHEREAS**, the provisions of Section 1872.85 of the California  
9 Insurance Code authorize the State Department of Insurance to award and  
10 distribute certain funds to district attorneys submitting plans approved by the  
11 Bureau of Fraudulent Claims for the increased investigation and prosecution  
12 of fraudulent disability and healthcare insurance claims; and the District  
13 Attorney is charged with providing prosecution of all felony offenses  
14 committed within this County; and

15                                  **WHEREAS**, the Board of Supervisors of Los Angeles County  
16 recognizes that fraudulent healthcare and disability insurance claims are costing  
17 our citizens millions of dollars annually, as reflected in higher insurance premiums  
18 and increased costs for medical services and equipment; and

19                                  **WHEREAS**, the County of Los Angeles, acting through its Board  
20 of Supervisors, desires to combat disability and healthcare insurance fraud  
21 by undertaking a certain project designated the "Disability and Healthcare  
22 Insurance Fraud Program" by the District Attorney, to be funded pursuant to  
23 the Insurance Fraud Prevention Act as provided in California Insurance Code  
24 1872.85 and administered by the California Department of Insurance; and

25                                  **WHEREAS**, the State of California Department of Insurance approved  
26 the fraud reduction plan submitted by the Los Angeles County District Attorney's

1 Office for Fiscal Year 2006-2007, for the Disability and Healthcare Insurance  
2 Fraud Program.

3 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors  
4 of the County of Los Angeles hereby authorizes and approves acceptance of grant  
5 funds from the State of California, Department of Insurance, to be used  
6 exclusively for the program designated the "Disability and Healthcare Insurance  
7 Fraud Program" for the period covering July 1, 2006 to June 30, 2007;

8 **BE IT FURTHER RESOLVED** that the County of Los Angeles  
9 hereby authorizes the District Attorney to serve as Project Director and to  
10 perform all further tasks necessary for the completion of the project, including

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1 any extensions, execution and submission of amendments, progress reports,  
2 and payment requests relating to the Grant Award Agreement;

3 I DO HEREBY CERTIFY that at a regular meeting of the Board of  
4 Supervisors of the County of Los Angeles, on this \_\_\_\_\_ day of  
5 \_\_\_\_\_, 2007, the forgoing Resolution was adopted.

6 IN WITNESS WHEREOF, I have hereunto set my hand and  
7 affixed the seal of the Board of Supervisors of the County of Los Angeles  
8 this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

9  
10 County of Los Angeles

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12 By \_\_\_\_\_  
13 Chair, Board of Supervisors

14 SACHI A. HAMAI,  
15 Executive Officer-Clerk of the  
16 Board of Supervisors of the  
17 County of Los Angeles

18 By \_\_\_\_\_  
19 Deputy

20 APPROVED AS TO FORM  
21 BY COUNTY COUNSEL:

22 RAYMOND G. FORTNER, JR.

23 By   
24 Deputy  
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**Los Angeles County Chief Administrative Office  
Grant Management Statement for Grants Exceeding \$100,000**

**Department: District Attorney**

**Grant Project Title and Description: Disability and Healthcare Insurance Fraud Program**

The objective of this program is to enhance the criminal investigation and prosecution of fraudulent disability and healthcare insurance claims in Los Angeles County. These grant funds will allow the District Attorney's Office to successfully implement this program and reduce disability and healthcare insurance fraud through collaborative efforts with the State of California, Department of Insurance (SCDI) and local law enforcement agencies,.

**Funding Agency**  
California Department of  
Insurance

**Program (Fed. Grant # /State Bill or Code #)**  
California Insurance Code Section  
1872.85

**Grant Acceptance Deadline**

**Total Amount of Grant Funding: \$700,000**

**County Match: \$0**

**Grant Period: FY2006-2007    Begin Date: July 1, 2006**

**End Date: June 30, 2007**

**Number of Personnel Hired Under This Grant: 14**

**Full Time: 7    Part Time: 7**

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒


b). Identify other revenue sources Yes ☐ No ☒  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**Impact of additional personnel on existing space: None**

**Other requirements not mentioned above: None**

**Department Head Signature**

 for Steve Cooley  
D.A.

**Date** \_\_\_\_\_